

Qualcomm posts 2Q profit, gives tepid 3Q outlook

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In this Jan. 8, 2010 file photo, Qualcomm President and CEO Paul Jacobs gives the keynote address at the International Consumer Electronics Show (CES) in Las Vegas. Qualcomm Inc., whose chips and other technologies are used in vast numbers of cell phones, raised its profit estimate for 2010 on Wednesday, April 21, 2010, as it reported second-quarter results that surpassed Wall Street's expectations. (AP Photo/Laura Rauch, File)

(AP) -- Qualcomm Inc., whose chips and other technologies are used in vast numbers of cell phones, raised its earnings estimate for 2010 on Wednesday on solid second-quarter results. But its short-term outlook disappointed investors.

The company's chief executive, Paul Jacobs, said Qualcomm is poised to gain market share even as competition pushes chip prices lower. He said "positive momentum" in chip and licensing businesses led it to raise its

2010 forecast.

Nonetheless, shares of the company fell \$3.43, or 8.1 percent, in extended trading Wednesday. Before the release of results, the stock closed down 66 cents, or 1.5 percent, at \$42.63.

Qualcomm said it expected to earn 51 cents to 55 cents a share in its fiscal third quarter, excluding certain charges. Analysts polled by Thomson Reuters were projecting [net income](#) of 55 cents a share.

For the three-month period ending March 28, Qualcomm posted [net income](#) of \$774 million, or 46 cents a share, compared with a loss of \$289 million, or 18 cents a share, during the same period last year. Last year's loss was largely a result of a legal settlement with rival [Broadcom Corp.](#)

The latest quarter included per-share charges of 6 cents for stock-based compensation, 5 cents for its strategic initiatives unit and 2 cents a share for tax items. Excluding those charges, Qualcomm's net income was 59 cents a share, 3 cents a share above analyst expectations.

Revenue rose 8 percent to \$2.66 billion, largely in line with estimates.

Qualcomm raised the low end of its 2010 profit estimate to \$1.71 a share from \$1.56. It left its annual revenue estimate unchanged at \$10.4 billion to \$11 billion.

[Qualcomm](#), based in San Diego, makes chips for phones and licenses its patented technologies to other companies. It makes much of its money from royalty payments.

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